

AMENDED IN SENATE JULY 7, 2011
AMENDED IN SENATE JUNE 29, 2011
AMENDED IN ASSEMBLY APRIL 25, 2011
AMENDED IN ASSEMBLY APRIL 13, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1303

Introduced by Assembly Member Williams

February 18, 2011

An act to amend ~~Sections 25620.15, 25740.5, and 25742 of Section 25740.5 of~~, to repeal Section 25620.11 of, and to repeal and add Sections 25620.1 and 25620.2 of, the Public Resources Code, and to amend Section 399.8 of the Public Utilities Code, relating to energy resources, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately .

LEGISLATIVE COUNSEL'S DIGEST

AB 1303, as amended, Williams. Energy programs.

Under ~~existing law~~ the *Public Utilities Act (act)*, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to require the 3 largest electrical corporations in the state, *until January 1, 2012*, to identify a separate electrical rate component to fund energy efficiency, renewable energy, and research, development and demonstration programs. *Existing law requires the PUC or the electrical corporations to collect \$65,000,000 in total per year for renewable energy and \$62,500,000 in total per year for research, development, and demonstration. A violation of the act is a crime.*

This bill would extend this requirement to January 1, 2020. The bill would increase the amount collected to \$90,000,000 for each of the above purposes. Because a violation of the act is a crime, this bill would impose a state-mandated local program.

Existing law establishes the Renewable Resource Trust Fund in the state State Treasury as a fund that is continuously appropriated, with certain exceptions, for administrative expenses incurred by the State Energy Resources Conservation and Development Commission (Energy Commission), for the implementation of the renewable resources programs. Existing law requires that specified portions of the moneys collected as a part of the electrical rate to fund renewable energy programs be deposited into specified accounts within the fund. *Existing law authorizes, until January 1, 2012, the expenditure of the moneys from the fund for the implementation of renewable resources programs. Existing law specifies legislative recommendations on the allocation of moneys in the fund.* ~~Existing law further requires that 20% of the funds collected pursuant to the renewable energy public good charge be deposited into the Existing Renewable Resources Account within the fund to be used for programs that are designed to achieve fully competitive and self-sustaining existing in-state renewable electricity generation facilities, and to secure for the state the environmental, economic, and reliability benefits that continued operation of those facilities will provide during the 2007–2011 investment cycle.~~

~~This bill would require that 20% of the funds collected pursuant to that renewable energy public good charge be used for programs that are designed to achieve fully competitive and self-sustaining existing in-state renewable electricity generation facilities, and to secure for the state the environmental, economic, and reliability benefits that continued operation of those facilities will provide during the 2012–2020 investment cycle. By extending the authority of the Energy Commission to expend money pursuant to a continuously appropriated fund, the bill would make an appropriation.~~

This bill would extend to January 1, 2020, the authorization to expend moneys in the Renewable Resource Trust Fund for the implementation of renewable resources programs, thereby making an appropriation. The bill would revise and recast the legislative recommendations on the allocation of the moneys in the fund.

~~Existing law requires that money collected as a part of the electrical rate for public interest research, development, and demonstration programs be transferred to the Public Interest Research, Development,~~

and Demonstration Fund and, until January 1, 2012, upon appropriation by the Legislature, be expended by the Energy Commission to implement the Public Interest Research, Development, and Demonstration Program *to develop and help bring to market energy technologies that provide increased environmental benefits, greater system reliability, and lower system costs.*

This bill would extend, to January 1, 2020, this authority to expend the money collected for public interest research, development, and demonstration programs that is transferred to *revise and recast* the Public Interest Research, Development, and Demonstration Fund Program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 25620.15 of the Public Resources Code~~
2 ~~is amended to read:~~
3 ~~25620.15. (a) In order to ensure that prudent investments in~~
4 ~~research, development, and demonstration of energy efficient~~
5 ~~technologies continue to produce substantial economic,~~
6 ~~environmental, public health, and reliability benefits, it is the policy~~
7 ~~of the state and the intent of the Legislature that funds made~~
8 ~~available, upon appropriation, for energy related public interest~~
9 ~~research, development, and demonstration programs shall be used~~
10 ~~to advance science or technology that is not adequately provided~~
11 ~~by competitive and regulated markets.~~
12 ~~(b) Notwithstanding any other provision of law, money collected~~
13 ~~for public interest research, development, and demonstration~~
14 ~~pursuant to Section 399.8 of the Public Utilities Code shall be~~
15 ~~transferred to the Public Interest Research, Development, and~~
16 ~~Demonstration Fund. Money collected between January 1, 2007,~~

1 and January 1, 2020, shall be used for the purposes specified in
2 this chapter.

3 (e) ~~In lieu of the Public Utilities Commission retaining funds~~
4 ~~authorized pursuant to Section 381 of the Public Utilities Code for~~
5 ~~investments made by electrical corporations in public interest~~
6 ~~research, development, and demonstration projects for transmission~~
7 ~~and distribution functions, up to 10 percent of the funds transferred~~
8 ~~to the commission pursuant to subdivision (b) shall be awarded to~~
9 ~~electrical corporations for public interest research, development,~~
10 ~~and demonstration projects for transmission and distribution~~
11 ~~functions consistent with the policies and subject to the~~
12 ~~requirements of this chapter.~~

13 SEC. 2. ~~Section 25740.5 of the Public Resources Code is~~
14 ~~amended to read:~~

15 25740.5. (a) ~~The commission shall optimize public investment~~
16 ~~and ensure that the most cost-effective and efficient investments~~
17 ~~in renewable energy resources are vigorously pursued.~~

18 (b) ~~The commission's long-term goal shall be a fully competitive~~
19 ~~and self-sustaining supply of electricity generated from renewable~~
20 ~~sources.~~

21 (c) ~~The program objective shall be to increase, in the near term,~~
22 ~~the quantity of California's electricity generated by in-state~~
23 ~~renewable electricity generation facilities, while protecting system~~
24 ~~reliability, fostering resource diversity, and obtaining the greatest~~
25 ~~environmental benefits for California residents.~~

26 (d) ~~An additional objective of the program shall be to identify~~
27 ~~and support emerging renewable technologies in distributed~~
28 ~~generation applications that have the greatest near-term commercial~~
29 ~~promise and that merit targeted assistance.~~

30 (e) ~~The Legislature recommends allocations among all of the~~
31 ~~following:~~

32 (1) ~~Rebates, buydowns, or equivalent incentives for emerging~~
33 ~~renewable technologies.~~

34 (2) ~~Customer education.~~

35 (3) ~~Production incentives for reducing fuel costs, that are~~
36 ~~confirmed to the satisfaction of the commission, at solid fuel~~
37 ~~biomass energy facilities in order to provide demonstrable~~
38 ~~environmental and public benefits, including improved air quality.~~

39 (4) ~~Solar thermal generating resources that enhance the~~
40 ~~environmental value or reliability of the electrical system and that~~

1 ~~require financial assistance to remain economically viable, as~~
2 ~~determined by the commission. The commission may require~~
3 ~~financial disclosure from applicants for purposes of this paragraph.~~

4 ~~(5) Specified fuel cell technologies, if the commission makes~~
5 ~~all of the following findings:~~

6 ~~(A) The specified technologies have similar or better air~~
7 ~~pollutant characteristics than renewable technologies in the report~~
8 ~~made pursuant to Section 25748.~~

9 ~~(B) The specified technologies require financial assistance to~~
10 ~~become commercially viable by reference to wholesale generation~~
11 ~~prices.~~

12 ~~(C) The specified technologies could contribute significantly~~
13 ~~to the infrastructure development or other innovation required to~~
14 ~~meet the long-term objective of a self-sustaining, competitive~~
15 ~~supply of electricity generated from renewable sources.~~

16 ~~(6) Existing wind-generating resources, if the commission finds~~
17 ~~that the existing wind-generating resources are a cost-effective~~
18 ~~source of reliable energy and environmental benefits compared~~
19 ~~with other in-state renewable electricity generation facilities, and~~
20 ~~that the existing wind-generating resources require financial~~
21 ~~assistance to remain economically viable. The commission may~~
22 ~~require financial disclosure from applicants for the purposes of~~
23 ~~this paragraph.~~

24 ~~(f) Notwithstanding any other provision of law, moneys~~
25 ~~collected for renewable energy pursuant to Article 15 (commencing~~
26 ~~with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the~~
27 ~~Public Utilities Code shall be transferred to the Renewable~~
28 ~~Resource Trust Fund. Moneys collected between January 1, 2007,~~
29 ~~and January 1, 2020, shall be used for the purposes specified in~~
30 ~~this chapter.~~

31 ~~SEC. 3. Section 25742 of the Public Resources Code is~~
32 ~~amended to read:~~

33 ~~25742. (a) Twenty percent of the funds collected pursuant to~~
34 ~~the renewable energy public goods charge shall be used for~~
35 ~~programs that are designed to achieve fully competitive and~~
36 ~~self-sustaining existing in-state renewable electricity generation~~
37 ~~facilities, and to secure for the state the environmental, economic,~~
38 ~~and reliability benefits that continued operation of those facilities~~
39 ~~will provide during the 2012-2020 investment cycle. Eligibility~~
40 ~~for production incentives under this section shall be limited to~~

~~those technologies found eligible for funds by the commission pursuant to paragraphs (3), (4), and (6) of subdivision (e) of Section 25740.5.~~

~~(b) Any funds used to support in-state renewable electricity generation facilities pursuant to this section shall be expended in accordance with the provisions of this chapter.~~

~~(c) Facilities that are eligible to receive funding pursuant to this section shall be registered in accordance with criteria developed by the commission and those facilities shall not receive payments for any electricity produced that has any of the following characteristics:~~

~~(1) Is sold at monthly average rates equal to, or greater than, the applicable target price, as determined by the commission.~~

~~(2) Is used onsite.~~

~~(d) (1) Existing facilities generating electricity from biomass energy shall be eligible for funding and otherwise considered an in-state renewable electricity generation facility only if they report to the commission the types and quantities of biomass fuels used.~~

~~(2) The commission shall report the types and quantities of biomass fuels used by each facility to the Legislature in the reports prepared pursuant to Section 25748.~~

~~(e) Each existing facility seeking an award pursuant to this section shall be evaluated by the commission to determine the amount of the funds being sought, the cumulative amount of funds the facility has received previously from the commission and other state sources, the value of any past and current federal or state tax credits, the facility's contract price for energy and capacity, the prices received by similar facilities, the market value of the facility, and the likelihood that the award will make the facility competitive and self-sustaining within the 2012–2020 investment cycle. The commission shall use this evaluation to determine the value of an award to the public relative to other renewable energy investment alternatives. The commission shall compile its findings and report them to the Legislature in the reports prepared pursuant to Section 25748.~~

SECTION 1. (a) It is the intent of the Legislature that the funds generated from the nonbypassable system benefits charge collected pursuant to Section 399.8 of the Public Utilities Code should not be appropriated for use in the General Fund and should be used only for the purposes specified in that section.

1 ***(b) It is the further intent of the Legislature that funds generated***
2 ***from the nonbypassable system benefits charge collected pursuant***
3 ***to Section 399.8 of the Public Utilities Code should not be available***
4 ***for programs within a service territory of a local publicly owned***
5 ***electric utility unless that utility contributes at least 33 percent of***
6 ***its public benefits program funds or similar funds collected by that***
7 ***utility.***

8 ***SEC. 2. Section 25620.1 of the Public Resources Code is***
9 ***repealed.***

10 ~~25620.1. (a) The commission shall develop, implement, and~~
11 ~~administer the Public Interest Research, Development, and~~
12 ~~Demonstration Program that is hereby created. The program shall~~
13 ~~include a full range of research, development, and demonstration~~
14 ~~activities that, as determined by the commission, are not adequately~~
15 ~~provided for by competitive and regulated markets. The~~
16 ~~commission shall administer the program consistent with the~~
17 ~~policies of this chapter.~~

18 ~~(b) The general goal of the program is to develop, and help bring~~
19 ~~to market, energy technologies that provide increased~~
20 ~~environmental benefits, greater system reliability, and lower system~~
21 ~~costs, and that provide tangible benefits to electric utility customers~~
22 ~~through the following investments:~~

23 ~~(1) Advanced transportation technologies that reduce air~~
24 ~~pollution and greenhouse gas emissions beyond applicable~~
25 ~~standards, and that benefit electricity and natural gas ratepayers.~~

26 ~~(2) Increased energy efficiency in buildings, appliances, lighting,~~
27 ~~and other applications beyond applicable standards, and that benefit~~
28 ~~electric utility customers.~~

29 ~~(3) Advanced electricity generation technologies that exceed~~
30 ~~applicable standards to increase reductions in greenhouse gas~~
31 ~~emissions from electricity generation, and that benefit electric~~
32 ~~utility customers.~~

33 ~~(4) Advanced electricity technologies that reduce or eliminate~~
34 ~~consumption of water or other finite resources, increase use of~~
35 ~~renewable energy resources, or improve transmission or distribution~~
36 ~~of electricity generated from renewable energy resources.~~

37 ~~(c) To achieve the goals established in subdivision (b), the~~
38 ~~commission shall adopt a portfolio approach for the program that~~
39 ~~does all of the following:~~

~~(1) Effectively balances the risks, benefits, and time horizons for various activities and investments that will provide tangible energy or environmental benefits for California electricity customers.~~

~~(2) Emphasizes innovative energy supply and end use technologies, focusing on their reliability, affordability, and environmental attributes.~~

~~(3) Includes projects that have the potential to enhance transmission and distribution capabilities.~~

~~(4) Includes projects that have the potential to enhance the reliability, peaking power, and storage capabilities of renewable energy.~~

~~(5) Demonstrates a balance of benefits to all sectors that contribute to the funding under Section 399.8 of the Public Utilities Code.~~

~~(6) Addresses key technical and scientific barriers.~~

~~(7) Demonstrates a balance between short-term, mid-term, and long-term potential.~~

~~(8) Ensures that prior, current, and future research not be unnecessarily duplicated.~~

~~(9) Provides for the future market utilization of projects funded through the program.~~

~~(10) Ensures an open project selection process and encourages the awarding of research funding for a diverse type of research as well as a diverse award recipient base and equally considers research proposals from the public and private sectors.~~

~~(11) Coordinates with other related research programs.~~

~~(d) The term “award,” as used in this chapter, may include, but is not limited to, contracts, grants, interagency agreements, loans, and other financial agreements designed to fund public interest research, demonstration, and development projects or programs.~~

SEC. 3. Section 25620.1 is added to the Public Resources Code, to read:

25620.1. (a) The Legislature finds and declares that in order to ensure that electricity users receive reliable, affordable, safe, and environmentally sustainable electrical service, it is essential that prudent investments specifically designed to improve the economic performance and lower the environmental costs of the distribution, transmission, generation, and end-use systems that serve California electricity users, and that are not adequately

1 *provided by competitive and regulated markets, be made in the*
2 *following areas:*

3 *(1) Research, development and, demonstration projects that*
4 *contribute to integration of distributed generation into the*
5 *electricity grid, technological improvements in renewable energy*
6 *generation, energy efficiency, and energy demand management,*
7 *provide scientific information related to the impacts of electrical*
8 *energy generation and usage on the environment and methods to*
9 *reduce those impacts, or provide other scientific or technological*
10 *information that provides specific benefits to electricity users.*

11 *(2) Energy efficiency investments that improve overall system*
12 *performance and reliability and that lower costs of generating,*
13 *distributing, transmitting, and using electricity in homes,*
14 *businesses, and public agencies.*

15 *(3) Investments in the development, deployment, and operation*
16 *of clean energy resources that contribute to meeting the*
17 *requirements of the California Renewables Portfolio Standard*
18 *(Article 16 (commencing with Section 399.11) of Chapter 2.3 of*
19 *Part 1 of Division 1 of the Public Utilities Code). Eligible*
20 *investments include support for emerging renewable technologies*
21 *that have potential in distributed generation application, rebates,*
22 *financing assistance, or equivalent incentives to overcome barriers*
23 *to commercial manufacturing or deployment of renewable*
24 *technologies and support for existing renewable energy generation*
25 *that contributes to achievement of the requirements of the*
26 *California Renewables Portfolio Standard (Article 16 (commencing*
27 *with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the*
28 *Public Utilities Code.*

29 *(4) Public education, workforce training, or other investments*
30 *necessary to overcome market barriers or institutional limitations*
31 *for the effective deployment of energy efficiency, clean energy, or*
32 *renewable technologies.*

33 *(b) The expenditures made pursuant to this chapter shall be*
34 *designed to provide specific benefits to electricity users that over*
35 *time and in the aggregate are cost-effective and ensure more*
36 *reliable and sustainable energy service for electricity users.*

37 *SEC. 4. Section 25620.2 of the Public Resources Code is*
38 *repealed.*

39 ~~25620.2. (a) To ensure the efficient implementation and~~
40 ~~administration of the Public Interest Research, Development, and~~

~~Demonstration Program, the commission shall do both of the following:~~

~~(1) Develop procedures for the solicitation of award applications for project or program funding, and to ensure efficient program management.~~

~~(2) Evaluate and select programs and projects, based on merit, that will be funded under the program.~~

~~(b) The commission shall adopt regulations to implement the program, in accordance with the following procedures:~~

~~(1) Prepare a preliminary text of the proposed regulation and provide a copy of the preliminary text to any person requesting a copy.~~

~~(2) Provide public notice of the proposed regulation to any person who has requested notice of the regulations prepared by the commission. The notice shall contain all of the following:~~

~~(A) A clear overview explaining the proposed regulation.~~

~~(B) Instructions on how to obtain a copy of the proposed regulations.~~

~~(C) A statement that if a public hearing is not scheduled for the purpose of reviewing a proposed regulation, any person may request, not later than 15 days prior to the close of the written comment period, a public hearing conducted in accordance with commission procedures.~~

~~(3) Accept written public comments for 30 calendar days after providing the notice required in paragraph (2).~~

~~(4) Certify that all written comments were read and considered by the commission.~~

~~(5) Place all written comments in a record that includes copies of any written factual support used in developing the proposed regulation, including written reports and copies of any transcripts or minutes in connection with any public hearings on the adoption of the regulation. The record shall be open to public inspection and available to the courts.~~

~~(6) Provide public notice of any substantial revision of the proposed regulation at least 15 days prior to the expiration of the deadline for public comments and comment period using the procedures provided in paragraph (2).~~

~~(7) Conduct public hearings, if a hearing is requested by an interested party, that shall be conducted in accordance with commission procedures.~~

1 ~~(8) Adopt any proposed regulation at a regularly scheduled and~~
2 ~~noticed meeting of the commission. The regulation shall become~~
3 ~~effective immediately unless otherwise provided by the~~
4 ~~commission.~~

5 ~~(9) Publish any adopted regulation in a manner that makes copies~~
6 ~~of the regulation easily available to the public. Any adopted~~
7 ~~regulation shall also be made available on the Internet. The~~
8 ~~commission shall transmit a copy of an adopted regulation to the~~
9 ~~Office of Administrative Law for publication, or, if the commission~~
10 ~~determines that printing the regulation is impractical, an appropriate~~
11 ~~reference as to where a copy of the regulation may be obtained.~~

12 ~~(10) Notwithstanding any other provision of law, this~~
13 ~~subdivision provides an interim exception from the requirements~~
14 ~~of Chapter 3.5 (commencing with Section 11340) of Part 1 of~~
15 ~~Division 3 of Title 2 of the Government Code for regulations~~
16 ~~required to implement Sections 25620.1 and 25620.2 that are~~
17 ~~adopted under the procedures specified in this subdivision.~~

18 ~~(11) This subdivision shall become inoperative on January 1,~~
19 ~~2012, unless a later enacted statute deletes or extends that date.~~
20 ~~However, after January 1, 2012, the commission is not required~~
21 ~~to repeat any procedural step in adopting a regulation that has been~~
22 ~~completed before January 1, 2012, using the procedures specified~~
23 ~~in this subdivision.~~

24 ~~SEC. 5. Section 25620.2 is added to the Public Resources Code,~~
25 ~~to read:~~

26 ~~25620.2. (a) The commission shall develop, implement, and~~
27 ~~administer the Public Interest Research, Development, and~~
28 ~~Demonstration Program to achieve the objectives of paragraph~~
29 ~~(1) of subdivision (a) of Section 25620.1. The program shall include~~
30 ~~a full range of research, development, and demonstration activities~~
31 ~~that, as determined by the commission, are not adequately provided~~
32 ~~for by competitive and regulated markets. The commission shall~~
33 ~~administer the program consistent with the policies of this chapter.~~

34 ~~(b) The general goal of the program is to research, develop,~~
35 ~~and deploy energy technologies and scientific information that are~~
36 ~~designed to provide increased environmental benefits, greater~~
37 ~~system reliability, and lower system costs, to assist in meeting the~~
38 ~~requirements of the California Global Warming Solutions Act of~~
39 ~~2006 (Division 25.5 (commencing with Section 38500) of the~~
40 ~~Health and Safety Code and the California Renewables Portfolio~~

1 *Standard Program (Article 15 (commencing with Section 399.11)*
2 *of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code)*
3 *or to provide other tangible benefits to electric utility customers.*
4 *Priority areas for research and development investment include,*
5 *but are not limited to, the following areas:*
6 *(1) Advanced distributed generation and energy storage*
7 *technologies.*
8 *(2) Renewable energy technologies and their integration into*
9 *the electrical grid, including forecasting of availability of*
10 *renewable energy generation.*
11 *(3) Advanced transportation technology and fueling*
12 *infrastructure.*
13 *(4) Energy reduction, efficiency, and management technologies*
14 *including net-zero building design; smart grid technologies; and*
15 *commercial, industrial, and residential energy efficiency*
16 *technologies, and management strategies.*
17 *(5) Energy generation and management technologies that reduce*
18 *or eliminate consumption of water or other finite resources, allow*
19 *increased use of renewable energy resources, or improve*
20 *transmission or distribution of electricity generated from renewable*
21 *energy resources.*
22 *(6) Research and modeling of the impacts of energy generation*
23 *and consumption on the environment and methods to reduce the*
24 *costs of mitigating those impacts.*
25 *(c) To achieve the goals established in subdivision (b), the*
26 *commission shall adopt a portfolio approach for the program that*
27 *does all of the following:*
28 *(1) Coordinates with other research and development efforts*
29 *and avoids wasteful duplication.*
30 *(2) Directs investments to California-based entities unless the*
31 *goals of this chapter can be met only by investing in out-of-state*
32 *entities.*
33 *(3) Evaluates projects on their potential to achieve technological*
34 *breakthroughs or provide information needed to address key*
35 *technical, economic, environmental, or scientific barriers.*
36 *(4) Emphasizes innovative energy supply and end-use*
37 *technologies, focusing on their reliability, affordability, and*
38 *environmental attributes.*
39 *(5) Includes projects that have the potential to enhance the*
40 *reliability and storage capabilities of renewable energy.*

1 (6) Provides multiple system benefits and demonstrates a
2 balance of benefits to all sectors that contribute to the funding
3 under Section 399.8 of the Public Utilities Code.

4 (7) Demonstrates a balance between short-term, mid-term, and
5 long-term potential.

6 (8) Provides for the future market utilization of projects funded
7 through the program, including commercialization plans, where
8 feasible, for larger grants and development projects.

9 (9) Limits administrative and overhead costs and maximizes
10 direct investment in research and development activities. Program
11 administrative costs shall be limited to no more than 15 percent
12 of total program expenditures.

13 (10) Ensures an open project selection process and encourages
14 the awarding of research funding for diverse types of research, as
15 well as a diverse award recipient base, and equally considers
16 research proposals from the public and private sectors.

17 (d) To ensure the efficient implementation and administration
18 of the Public Interest Research, Development, and Demonstration
19 Program, the commission shall do all of the following:

20 (1) Develop procedures to solicit award applications for project
21 or program funding, and to ensure efficient program management.

22 (2) Evaluate and select programs and projects, based on merit,
23 that will be funded under the program.

24 (3) Establish appropriate terms for accrual of royalties and
25 intellectual property rights by the state from activities funded by
26 this program.

27 (4) Develop streamlined application and grant procedures for
28 time-sensitive applied research projects.

29 (e) The commission shall publicly adopt guidelines to implement
30 the program.

31 (f) The commission shall, in accordance with this chapter,
32 develop and update a strategic plan to guide investments under
33 this program. The strategic plan shall be updated not less than
34 every three years.

35 (g) (1) The commission shall establish an advisory committee
36 to help develop and review the strategic plan and to make
37 recommendations regarding project and research priorities. The
38 advisory committee shall meet not less than twice per year.

39 (2) The advisory committee shall include representatives of the
40 Public Utilities Commission, environmental groups, consumer

1 groups, electrical corporations, clean technology companies,
2 investors, business associations, and technical experts.

3 (3) Three members of the Senate, appointed by the Senate
4 President pro Tempore, and three members of the Assembly,
5 appointed by the Speaker of the Assembly, may meet with the
6 advisory board and participate in its activities to the extent that
7 such participation is not incompatible with their respective
8 positions as Members of the Legislature.

9 SEC. 6. Section 25620.11 of the Public Resources Code is
10 repealed.

11 ~~25620.11. (a) The commission shall regularly convene an~~
12 ~~advisory board that shall make recommendations to guide the~~
13 ~~commission's selection of programs and projects to be funded~~
14 ~~under this chapter. The advisory board shall include as appropriate,~~
15 ~~but not be limited to, representatives from the Public Utilities~~
16 ~~Commission, consumer organizations, environmental organizations,~~
17 ~~and electrical corporations subject to the funding requirements of~~
18 ~~Section 381 of the Public Utilities Code.~~

19 ~~(b) Three members of the Senate, appointed by the Senate~~
20 ~~President Pro Tempore, and three members of the Assembly,~~
21 ~~appointed by the Speaker of the Assembly, may meet with the~~
22 ~~advisory board and participate in its activities to the extent that~~
23 ~~such participation is not incompatible with their respective~~
24 ~~positions as Members of the Legislature.~~

25 SEC. 7. Section 25740.5 of the Public Resources Code, as
26 amended by Section 5 of Chapter 1 of the First Extraordinary
27 Session of 2011, is amended to read:

28 25740.5. (a) The commission shall optimize public investment
29 and ensure that the most cost-effective and efficient investments
30 ~~in to promote~~ renewable energy resources are vigorously pursued
31 technologies that provide maximum system benefits and promote
32 job development while minimizing environmental and other
33 impacts.

34 ~~(b) The commission's long-term goal shall be a fully competitive~~
35 ~~and self-sustaining supply of electricity generated from renewable~~
36 ~~sources.~~

37 (b) The program shall promote demonstration and
38 commercialization of renewable energy and grid integration
39 technologies that provide a diverse, reliable, and environmentally
40 sustainable portfolio of renewable energy sources, including, but

1 *not limited to, distributed generation, energy storage, existing and*
2 *advanced biomass, and other clean energy technologies.*

3 (c) The program objective shall be to increase, in the near term,
4 the quantity of California's electricity generated by *eligible*
5 renewable electrical generation facilities located in this state, while
6 protecting system reliability, fostering resource diversity, and
7 obtaining the greatest environmental benefits for California
8 residents.

9 (d) An additional objective of the program shall be to identify
10 and support emerging renewable technologies in distributed
11 generation applications that have the greatest near-term commercial
12 promise and that merit targeted assistance.

13 (e) The Legislature recommends allocations among all of the
14 following:

15 ~~(1) Rebates, buydowns, or equivalent incentives for emerging~~
16 ~~renewable technologies.~~

17 ~~(2) Customer education.~~

18 ~~(3) Production incentives for reducing fuel costs, that are~~
19 ~~confirmed to the satisfaction of the commission, at solid fuel~~
20 ~~biomass energy facilities in order to provide demonstrable~~
21 ~~environmental and public benefits, including improved air quality.~~

22 ~~(4) Solar thermal generating resources that enhance the~~
23 ~~environmental value or reliability of the electrical system and that~~
24 ~~require financial assistance to remain economically viable, as~~
25 ~~determined by the commission. The commission may require~~
26 ~~financial disclosure from applicants for purposes of this paragraph.~~

27 ~~(5) Specified fuel cell technologies, if the commission makes~~
28 ~~all of the following findings:~~

29 ~~(A) The specified technologies have similar or better air~~
30 ~~pollutant characteristics than renewable technologies in the report~~
31 ~~made pursuant to Section 25748.~~

32 ~~(B) The specified technologies require financial assistance to~~
33 ~~become commercially viable by reference to wholesale generation~~
34 ~~prices.~~

35 ~~(C) The specified technologies could contribute significantly~~
36 ~~to the infrastructure development or other innovation required to~~
37 ~~meet the long-term objective of a self-sustaining, competitive~~
38 ~~supply of electricity generated from renewable sources.~~

39 ~~(6) Existing wind-generating resources, if the commission finds~~
40 ~~that the existing wind-generating resources are a cost-effective~~

~~source of reliable energy and environmental benefits compared with other renewable electrical generation facilities located in this state, and that the existing wind-generating resources require financial assistance to remain economically viable. The commission may require financial disclosure from applicants for the purposes of this paragraph.~~

(1) Distributed generation incentives and projects to assist in meeting the goal of 12,000 megawatts of installed distributed generation capacity with a focus on generation technologies that provide multiple benefits, including improved system reliability, load management, and reduction in air pollution and greenhouse gas emissions.

(2) Energy storage technologies that will complement renewable energy generation facilities and maximize system benefits.

(3) Extension and updating of the New Solar Homes Partnership (NSHP), in coordination with the Public Utilities Commission, with funding linked to construction levels and with consideration of the following additions and modifications:

(A) Priority given for NSHP developments in economically distressed and disadvantaged communities.

(B) Inclusion of solar hot water heating.

(C) Pilot projects for multifamily units.

(D) Increased accountability, streamlined application process, and extension of the allowable reservation period.

(4) On-farm renewable energy generation, including demonstration and pilot projects, technical assistance, financing, and other incentives for any of the following:

(A) Dairy digesters.

(B) Biogas generation.

(C) Conversion of diesel generators to renewable energy for water pumping and other onsite energy needs.

(D) Solar hot water heaters.

(5) Biomass generation, including any of the following:

(A) Extension of funding for existing utility scale biomass facilities until utility contracts are modified to reflect production and operating costs.

(B) Grants for facility modification or fuel collection that reduces air pollution impacts.

(C) Evaluation and development of incentives or demonstration projects, as appropriate, for community scale biomass facilities,

1 *including community scale biomass that promotes sustainable*
2 *forestry by reducing excessive fuel loads to create a more resilient*
3 *forest condition.*

4 *(6) Incentives or other financial assistance to overcome*
5 *obstacles for expansion or location of renewable energy*
6 *manufacturing facilities in California, including consideration of*
7 *all of the following:*

8 *(A) Incentives for purchase of clean energy technologies or*
9 *components manufactured in California.*

10 *(B) Leveraged financial assistance, such as loan loss reserves,*
11 *warranty assistance, or other financial tools, to assist in*
12 *overcoming barriers to bringing emerging renewable technologies*
13 *to market.*

14 *(C) Demonstration and deployment programs to bring the most*
15 *promising Public Interest Research, Development, and*
16 *Demonstration Program to commercialization.*

17 *(7) Funding for programs to train skilled workers for renewable*
18 *energy occupations.*

19 *(8) Renewable energy siting assistance including:*

20 *(A) Reimbursement for counties pursuant to Chapter 3*
21 *(commencing with Section 16140) of Part 1 of Division 4 of Title*
22 *2 of the Government Code for lands subject to the Williamson Act*
23 *(Chapter 7 (commencing with Section 51200) of Part 1 of Division*
24 *1 of Title 5 of the Government Code) that are converted to*
25 *renewable energy generation.*

26 *(B) Other projects that contribute to timely siting of renewable*
27 *energy facilities, including for distributed generation.*

28 *(f) Notwithstanding any other law, moneys collected for*
29 *renewable energy pursuant to Article 15 (commencing with Section*
30 *399) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities*
31 *Code shall be transferred to the Renewable Resource Trust Fund.*
32 *Moneys collected between January 1, 2007 2012, and January 1,*
33 *2012 2020, shall be used for the purposes specified in this chapter.*

34 *SEC. 8. Section 399.8 of the Public Utilities Code is amended*
35 *to read:*

36 *399.8. (a) In order to ensure that the citizens of this state*
37 *continue to receive safe, reliable, affordable, and environmentally*
38 *sustainable electric service, it is the policy of this state and the*
39 *intent of the Legislature that prudent investments in energy*

1 efficiency, renewable energy, and research, development and
2 demonstration shall continue to be made.

3 (b) (1) Every customer of an electrical corporation shall pay a
4 nonbypassable system benefits charge authorized pursuant to this
5 article. The system benefits charge shall fund energy efficiency,
6 renewable energy, and research, development and demonstration.

7 (2) Local publicly owned electric utilities shall continue to
8 collect and administer system benefits charges pursuant to Section
9 385.

10 (c) (1) The commission shall require each electrical corporation
11 to identify a separate rate component to collect revenues to fund
12 energy efficiency, renewable energy, and research, development
13 and demonstration programs authorized pursuant to this section
14 beginning January 1, 2002, and ending January 1, ~~2012~~ 2020. The
15 rate component shall be a nonbypassable element of the local
16 distribution service and collected on the basis of usage.

17 (2) This rate component may not exceed, for any tariff schedule,
18 the level of the rate component that was used to recover funds
19 authorized pursuant to Section 381 on January 1, 2000. If the
20 amounts specified in paragraph (1) of subdivision (d) are not
21 recovered fully in any year, the commission shall reset the rate
22 component to restore the unrecovered balance, provided that the
23 rate component may not exceed, for any tariff schedule, the level
24 of the rate component that was used to recover funds authorized
25 pursuant to Section 381 on January 1, 2000. Pending restoration,
26 any annual shortfalls shall be allocated pro rata among the three
27 funding categories in the proportions established in paragraph (1)
28 of subdivision (d).

29 (d) The commission shall order San Diego Gas and Electric
30 Company, Southern California Edison Company, and Pacific Gas
31 and Electric Company to collect these funds commencing on
32 January 1, 2002, as follows:

33 (1) Two hundred twenty-eight million dollars (\$228,000,000)
34 per year in total for energy efficiency and conservation activities,
35 ~~sixty-five million five hundred thousand dollars (\$65,500,000)~~
36 *ninety million dollars (\$90,000,000)* in total per year for renewable
37 energy, and ~~sixty-two million five hundred thousand dollars~~
38 ~~(\$62,500,000)~~ *ninety million dollars (\$90,000,000)* in total per
39 year for research, development and demonstration. The funds for
40 energy efficiency and conservation activities shall continue to be

1 allocated in proportions established for the year 2000 as set forth
2 in paragraph (1) of subdivision (c) of Section 381.

3 (2) The amounts shall be adjusted annually at a rate equal to
4 the lesser of the annual growth in electric commodity sales or
5 inflation, as defined by the gross domestic product deflator.

6 (e) The commission shall ensure that each electrical corporation
7 allocates funds transferred by the Energy Commission pursuant
8 to subdivision (b) of Section 25743 in a manner that maximizes
9 the economic benefit to all customer classes that funded the New
10 Renewable Resources Account.

11 (f) The commission and the Energy Commission shall retain
12 and continue their oversight responsibilities as set forth in Sections
13 381 and 383, and Chapter 7.1 (commencing with Section 25620)
14 and Chapter 8.6 (commencing with Section 25740) of Division 15
15 of the Public Resources Code.

16 (g) An applicant for the Large Nonresidential Standard
17 Performance Contract Program funded pursuant to paragraph (1)
18 of subdivision (b) and an electrical corporation shall promptly
19 attempt to resolve disputes that arise related to the program's
20 guidelines and parameters prior to entering into a program
21 agreement. The applicant shall provide the electrical corporation
22 with written notice of any dispute. Within 10 business days after
23 receipt of the notice, the parties shall meet to resolve the dispute.
24 If the dispute is not resolved within 10 business days after the date
25 of the meeting, the electrical corporation shall notify the applicant
26 of his or her right to file a complaint with the commission, which
27 complaint shall describe the grounds for the complaint, injury, and
28 relief sought. The commission shall issue its findings in response
29 to a filed complaint within 30 business days of the date of receipt
30 of the complaint. Prior to issuance of its findings, the commission
31 shall provide a copy of the complaint to the electrical corporation,
32 which shall provide a response to the complaint to the commission
33 within five business days of the date of receipt. During the dispute
34 period, the amount of estimated financial incentives shall be held
35 in reserve until the dispute is resolved.

36 *SEC. 9. No reimbursement is required by this act pursuant to*
37 *Section 6 of Article XIII B of the California Constitution because*
38 *the only costs that may be incurred by a local agency or school*
39 *district will be incurred because this act creates a new crime or*
40 *infraction, eliminates a crime or infraction, or changes the penalty*

1 *for a crime or infraction, within the meaning of Section 17556 of*
2 *the Government Code, or changes the definition of a crime within*
3 *the meaning of Section 6 of Article XIII B of the California*
4 *Constitution.*

5 ~~SEC. 4.~~

6 *SEC. 10.* This act is an urgency statute necessary for the
7 immediate preservation of the public peace, health, or safety within
8 the meaning of Article IV of the Constitution and shall go into
9 immediate effect. The facts constituting the necessity are:

10 In order to prevent interruption of the funding and administration
11 of programs funded through the public goods charge and to reform
12 administration of those programs to better serve the needs of
13 ratepayers and the persons participating in those programs, it is
14 necessary for this act to take effect immediately.